Transforming Manufacturing Workgroup
Meeting Minutes
October 17, 2022, 10:00-12:00pm

Workgroup Members in Attendance:
- Delegate Lily Qi, Chair
- Senator Jim Rosapepe
- Delegate Johnny Mautz
- Todd Sabin, Maryland Commerce
- Erin Roth, Maryland Labor
- Lance Schine, Maryland DoIT
- Mike Galiazzo, RMI
- Mike Kelleher, Maryland MEP
- Lindsay Ryan, USM
- Kelly Koermer, MACC
- Chris Cosgrove, RAMP MD
- Ken Sanchez, Chesapeake Specialty Products
- April Richardson, Food Opportunity
- Irnande Altema, MICUA
- Suzy Ganz, MMAB
- Jack Weber, Uptown Press
- Wynne Briscoe, SBDC
- Christine Krone, MTC
- Adam Porter,
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Staff:
- Heather Gramm, Maryland Department of Commerce
- Richard Clinch, Jacob France Institute

Public:
- Katie Hardy, Office of Delegate Qi
- Pamela Kasemayer
- Jen LaHatte, Maryland Department of Commerce
- Sarah Kilmon, Office of Delegate Mautz

Welcome

Delegate Qi welcomed all workgroup members and reviewed the meeting agenda. She stated that the majority of the meeting would be an open floor for discussion of the draft recommendations. She noted that she would like to see more focus on action in the recommendations – when, how, and timeline/goal to achieve.

Approval of Minutes
Delegate Qi stated that the September 2022 minutes had been distributed by email for review. She asked for approval of the minutes, which were approved unanimously with no discussion.

Review of Draft Report and Recommendations
Heather Gramm gave an overview of the structure of the draft report and recommendations that were circulated by email. The official report was written by Commerce, and would ultimately incorporate the final recommendations of the Workgroup. The draft recommendations were reviewed as a separate document, and captured all of the themes and discussions from the September meeting. There is some duplication and it is anticipated that the Workgroup can identify ways to combine several of the discussion points into single recommendations. A third document, drafted by Richard Clinch, would be incorporated as an appendix to the final report and include much of the background and data that has been collected during the course of the Workgroup's activities.

Mike Galiazzo stated that he liked the idea of adding actionable items. He felt it would also be helpful to include some of the history behind the bill in the report. Delegate Qi agreed and asked that a statement be added regarding the state of manufacturing in Maryland today, what problem the Workgroup is trying to address. Richard stated he would work with Commerce to incorporate that from his appendix report. Jack Weber stated that it would be helpful to link the federal R&D tax credit application process to the State application process for a seamless application rather than 2 separate processes. Senator Rosapepe asked if the R&D tax credit was relevant to the tasks of the Workgroup. Jack Weber noted that it is very important because Industry 4.0 technologies such as big data, data mining, etc are all still very much research and development. Richard noted that the tax credit is self-reported, there is no review for eligibility as with other tax credit programs the state administers. Mike Galiazzo noted that MEA has funding available for issues related to sustainability and energy, which may related to some Industry 4.0 technologies such as sensor technology.

Ken Sanchez asked for an update on the Manufacturing 4.0 grant from Commerce. Heather provided an updated, stating that 56 applications had been received. Commerce is in the process of evaluating those for basic eligibility. All applications that meet the eligibility requirement would then be reviewed by an evaluation committee to score them and make final award decisions. Awards are expected in early December.

Discussion of Draft Recommendations
The Workgroup began review of the specific recommendations.

Recommendation #1
- April Richardson asked about the intent behind including a match requirement. She noted that it is hard for small manufacturers to come up with the match because of a lack of access to capital. Delegate Qi stated the intent was to ensure the companies had skin the game. She inquired if it would be appropriate to propose a separate program for microbusinesses that would not have a match or would address the issue to access to capital.
- Lindsay Ryan and Adam Porter both suggested a scaled match based on business size, perhaps even allowing for an in-kind match for smaller manufacturers. Lindsay noted that the MIPS program may serve as a model on how to appropriately scale a match requirement.

- Mike Galiazzo asked if a loan guarantee would help small manufacturers make the match. This could be looked into for how effective it would be.
- Rosapepe asked what the definition of small business should be. He also inquired about how many such small manufacturers are in the state, as this would be a factor in the fiscal note on the bill.
- The dollar amount of the fund was also discussed. It was suggested that more funding be requested up-front, as the number of applications for the existing Manufacturing 4.0 grant clearly demonstrates a demand, and the projects can be costly.

The Workgroup agreed to revise this recommendation to include a scaled match requirement, allow an in-kind match, and explore incorporating a loan guarantee to assist with access to capital. Information on the current pilot program should be added to the report to demonstrate demand for the funding.

Recommendations #2
- Mike Galiazzo stated that there was a strong need for training and implementation costs related 4.0 projects. Delegate Qi noted that #1 and #2 seem to overlap. Heather Gramm stated that training and implementation costs were eligible uses of funds in the existing grant program, and that the program recommended in #1 could be clarified to ensure these were eligible uses.

The Workgroup agreed to combine #1, #2 and #3 into a single recommendation, and ensure the program includes implementation and training costs as eligible uses of the funds.

Improving Perception of Manufacturing Recommendations (#4-12)
- Senator Rosapepe stated that recommendations #4-18 all seem like workforce-related recommendations, and workforce is not a perception issue. He suggested crisp recommendations to the CTE Committee, stating clearly what the detailed workforce needs are, and then support curriculum development to meet those specific needs.
- Mike Galiazzo stated that the focus can't just be on kids in school. Retraining the adult workforce population is important as well. In addition, perception and awareness is important for other audiences as well, such as policy makers. He stated this awareness needs to be driven by the private sector with public sector funding support. Senator Rosapepe stated that someone needs to be identified to own the initiative. April Richardson noted that the challenge government entities face is appropriate resources. She agreed it needs to be private sector led and suggested a small group be formed, given the resources to hire a PR firm to develop messaging. Ken Sanchez suggested that RMI or MEP could be the entity to oversee this effort. Richard Clinch noted that Massachusetts, Connecticut and Indiana all have P3s for manufacturing that lead similar efforts. Kelly Koermer compared this effort the the awareness of cybersecurity 10-15 years ago, and how that awareness grew from the effort of UMUC and others advertising the demand for workforce in cyber and the training programs that were being offered.
- Senator Rosapepe recommended that a fund be established, that would be placed in Commerce, and that Commerce put out a solicitation for teams to propose how they would address the perception challenge. There was discussion among the group that included agreement on a need for the funding, but disagreement on the appropriate entity to own the initiative.

The Workgroup agreed to develop a recommendation to create a fund and establish an appropriate mechanism for the execution of a perception/awareness campaign.

Statewide Education and Training Initiatives (#13-17 and #20-23)

- It was noted that #13 was submitted by Ken Sanchez, not Mike Galiazzo
- It was discussed that the idea is to build out one center, a centralized training center with standardized curriculum – and provide access statewide through virtual courses.
- Senator Rosapepe stated that it is important for manufacturers to integrate into the structure of the CTE Committee established by Kirwin so that the industry is not left behind. He suggested a recommendation to overhaul of the CTE curriculum and instruction that is to be driven by the recommendations of industry. Again, someone needs to own this, be the entity identified as the voice of the manufacturing industry – RMI, MEP, others?
- Mike Kelleher stated that it is important not to discount the private sector training institutions that are key elements to address the workforce training needs of industry. Adam Porter stated that it is important to push future technologies in training and education.

The Workgroup will continue discussions on this section of the recommendations. Senator Rosapepe will provide suggestions related to the CTE Committee.

Policy Recommendations (#18 & 19)
- The Workgroup briefly discussed recommendation #18. It was noted that MIA expressed support for this change, but past efforts have not been successful due to concerns from the legislature on the impact to the small group insurance market.

The Workgroup agreed that it was worth including this recommendations, however more research is needed on the history of this effort. Delegate Qi will meet with MIA to discuss further.

There was no discussion on recommendation #19.

Wrap-Up and Adjournment

In addition to the changes noted above, the Workgroup agreed to increase the funding request in Recommendation #1 to $50m, and to add numerical goals to the recommendation. April Richardson asked the Workgroup to consider a recommendation for Buy Local considerations, either in state procurement or through a program similar to the Buy Maryland Cyber program.

Wynne Briscoe shared information on an upcoming manufacturing event in Southern Maryland.

Delegate Qi thanked the members and adjourned the meeting. The next meeting will be on November 14th.